

BEFORE THE
POSTAL REGULATORY COMMISSION
WASHINGTON, D.C. 20268-0001

In the Matter of:

Mt. Sterling Post Office
Mt. Sterling, WI 54645

Docket No. A2012-89

UNITED STATES POSTAL SERVICE
COMMENTS REGARDING APPEAL
(January 24, 2012)

On November 30, 2011, the Postal Regulatory Commission (Commission) received a petition for review postmarked November 17, 2011, from postal customer Judith E. Hansen ("Petitioner"), objecting to the discontinuance of the Post Office at Mt. Sterling, Wisconsin.¹ In accordance with 39 CFR § 3001.113 (a) (requiring the filing of the record within 15 days of the filing of the petition with the Commission), the administrative record was filed with the Commission on December 15, 2011. On December 19, 2011, the Commission issued Order No. 1054, its Notice and Order Accepting Appeal and Establishing Procedural Schedule under 39 U.S.C. § 404(d). On January 19, 2012, the Petitioner filed a Participant Statement. The following is the Postal Service's answering brief in support of its decision to discontinue the Mt. Sterling Post Office.

The appeal and Participant Statement received by the Commission raises four issues: (1) the effect on postal services, (2) the impact upon the Mt. Sterling community, (3) economic savings, and (4) the impact on employees. As reflected in the administrative record of this proceeding, the Postal Service gave these issues serious

¹ This discontinuance was conducted pursuant to Handbook PO-101, dated August 2004, and updated with Postal Bulletin revisions through August 2, 2007.

consideration. Accordingly, the determination to discontinue the Mt. Sterling Post Office should be affirmed.

Background

The Final Determination To Close the Mt. Sterling, WI Post Office and Extend Service by Rural Route Service (“Final Determination” or “FD”)², as well as the administrative record, indicate that the Mt. Sterling Post Office provides EAS-55 level service to no delivery customers, 47 Post Office Box customers, and to retail customers 31.75 hours per week.³ The postmaster of the Mt. Sterling Post Office was promoted on October 19, 2007. Since the postmaster vacancy, a noncareer officer-in-charge (OIC) has been installed to operate the office. Upon implementation of the final determination, the noncareer postmaster relief may be separated from the Postal Service, although attempts will be made to reassign the employee to a nearby facility.⁴ The average number of daily retail window transactions at the Mt. Sterling Post Office is 11, accounting for 12 minutes of workload daily. Revenue has declined over the past three years: \$19,876.00 in FY 2008 (52 revenue units); \$19,521.00 in FY 2009 (51 revenue units); and \$18,119.00 in FY 2010 (47 revenue units).⁵ The Mt. Sterling Post Office has no permit or meter customers.⁶ FD at 2; Item No. 18, Fact Sheet, at 1.

² The Final Determination can be found at Item No. 47 in the Administrative Record. All citations to the Final Determination will be to “FD at___,” Rather than to Item 47. The FD is not paginated however the Round-date cover sheets will serve as page number 1. Other Items in the administrative record are referred to as “Item No.____.”

³ FD at 2; Item No. 18, (Form 4920) Post Office Closing or Consolidation Proposal Fact Sheet (“Fact Sheet”), at 1.

⁴ FD at 8.

⁵ FD at 2; Item No. 18, Fact Sheet, at 1.

⁶ Although the record reflects in Item No. 15, Post Office Survey Sheet, that there is one permit meter customer, the Mt. Sterling Lutheran Church, the undersigned counsel has confirmed that this is no longer true. Therefore, to date there are no permit or meter customers serviced by the Mt. Sterling Post Office.

Upon implementation of the final determination, delivery and retail services will be provided by rural route service administered by the Gays Mills Post Office, an EAS-16 level office located five miles away, which has 128 available Post Office Boxes. FD at 2; Item No. 18, Fact Sheet, at 1.

The Postal Service followed the proper procedures which led to the posting of the Final Determination. All issues raised by the customers of the Mt. Sterling Post Office were considered and properly addressed by the Postal Service. The Postal Service complied with all notice requirements. In addition to the posting of the Proposal and Final Determination, customers received notice through other means. Questionnaires were distributed to delivery customers of the Mt. Sterling Post Office. Questionnaires were also available over the counter for retail customers at Mt. Sterling. FD at 2; Item No. 20, Questionnaire Instruction Letter from P.O. Review Coordinator to OIC/Postmaster at Mt. Sterling Post Office, at 1. A letter from the Manager of Post Office Operations, Minneapolis, Minnesota, was also made available to postal customers, which advised customers that the Postal Service was evaluating whether the continued operation of the Mt. Sterling Post Office was warranted, and that effective and regular service could be provided through carrier delivery and retail services available at the Gays Mills Post Office. The letter invited customers to complete and return a customer questionnaire wherein they could express their opinions about the service they were receiving and the effects of a possible change involving carrier delivery. Item No. 21, Letter to Customer, at 1. The returned customer questionnaires and Postal Service response letters appear in the administrative record in Item No. 22. In addition, representatives from the Postal Service were available at the Mt. Sterling

Village Hall for a community meeting on June 28, 2011, to answer questions and provide information to customers. FD at 2; Item No. 21, Letter to Customer, at 1; Item No. 24, Community Meeting Roster; Item No. 25, Community Meeting Analysis. Customers received formal notice of the Proposal and Final Determination through postings at nearby facilities. The Proposal was posted with an invitation for public comment at the Mt. Sterling and the Gays Mills Post Offices⁷ from July 14, 2011 to September 14, 2011. FD at 2; Item No. 36, Round-date stamped Proposals and Invitations for comments from affected offices. The Final Determination was posted at the same two Post Offices beginning on October 27, 2011, as confirmed by the round-dated Final Determination cover sheets.⁸

In light of a postmaster vacancy, minimal workload, declining office revenue,⁹ the variety of delivery and retail options (including the convenience of carrier delivery and retail service),¹⁰ very little recent growth in the area,¹¹ minimal impact upon the community, and the expected financial savings,¹² the Postal Service issued the Final Determination.¹³ Regular and effective postal services will continue to be provided to the Mt. Sterling community in a cost-effective manner upon implementation of the final determination. FD at 7.

⁷ The Gays Mills Post Office is not a candidate facility within the Retail Access Optimization Initiative (RAOI). See Docket No. N2011-1, USPS LR-N2011-1/11 Rev 1, at <http://www.prc.gov/prc-pages/library/detail.aspx?docketId=N2011-1&docketPart=Documents&docid=75971&docType=Library%20References&attrID=&attrName=>.

⁸ Item No. 49, Round-date stamped Final Determination cover sheets.

⁹ See note 5 and accompanying text,

¹⁰ FD at 2-7.

¹¹ Item No. 16, Community Survey Sheet, at 1.

¹² FD at 8-9; Item No. 29, Proposal Checklist, at 2.

¹³ FD at 10.

Each of the issues raised by the Petitioner is addressed in the paragraphs which follow.

Effect on Postal Services

Consistent with the mandate in 39 U.S.C. § 404(d)(2)(A)(iii) and as addressed throughout the administrative record, the Postal Service considered the effect of closing the Mt. Sterling Post Office on postal services provided to Mt. Sterling customers. The closing is premised upon providing regular and effective postal services to Mt. Sterling customers.

The Petitioner, in her letter of appeal, raises the issue of the effect on postal services of the Mt. Sterling Post Office's closing, noting the convenience of the Mt. Sterling Post Office and requesting its retention. As explained in the record, customer convenience may be enhanced upon implementation of the final determination because the provision of rural carrier service will alleviate the need for customers to travel to the Post Office for retail services and will provide them with 24-hour access to their mail.¹⁴ FD at 3, 7. The Postal Service explained that most retail services provided by the Post Office are available from the carrier and do not require meeting the carrier at the mailbox. Stamps by Mail¹⁵ and Money Order¹⁶ Application forms are available for

¹⁴ Petitioner expresses concern for the elderly and the hardship they will face if they have to travel 5 miles away to obtain postal services. The record explains, however, that carrier service is beneficial to many senior citizens and those who face special challenges because they do not have to travel to the Post Office for service. FD at 5. In addition, special provisions can be made for hardship cases or special customer needs such as delivery to the home of the customer rather than a roadside mailbox. Id.

¹⁵ The Stamps by Mail Program provides customers with the opportunity to purchase stamps, envelopes, and postal cards by using the Stamps by Mail order form which is available from the Post Office or the carrier. The customer will address the postage paid order form envelope, enclose payment by personal check or postal money order made payable to the US Postal Service, and mail the form or leave it in the mailbox for the carrier to pick up. Most orders are processed overnight, and some immediately. FD at 3. Stamps are also available at many stores and gas stations where customers may already shop, online at usps.com, or by calling 1-800-STAMP-24. Id.

customer convenience.¹⁷ However, if customers prefer to receive service from the carrier in person, they may leave a note in their mailbox instructing the carrier to sound his horn upon arrival, and then meet the carrier to receive services. FD at 5. On balance, the Postal Service maintains that rural carrier service will provide similar, if not better, service to the customers currently served by the Mt. Sterling Post Office.¹⁸

The Petitioner also expresses concern about the purchase and receipt of accountable mail. Special services such as certified, registered, Express Mail, delivery confirmation, signature confirmation, and COD may also be obtained from the carrier by leaving a note in the mailbox, along with the appropriate payment. FD at 3. The carrier will provide the services that day and leave a customer receipt in the mailbox on the next delivery day. FD at 3. Accountable mail can also be delivered by the carrier to customer residences up to ½ mile from the carrier's line of travel. If the customer is more than ½ mile away or is not at home when delivery is attempted, a notice will be left in the mailbox and the item will be taken back to the Gay Mills Post Office.¹⁹ The customer then has the option to pick up the item at the Post Office, request redelivery²⁰, or authorize delivery to another person.

¹⁶ Customers may purchase money orders by meeting the carrier at the mailbox, completing an application (which can be provided by the carrier), and paying the carrier the price of the money order, plus the fee. The carrier gives the customer a receipt for the application, completes the money order upon his or her return to the Post Office, and leaves a money order receipt in the customer's mailbox on the next delivery day. Customers can provide the carrier with a stamped, self-addressed envelope in which the completed money order is mailed to its destination, and can request return of the completed money order for verification on the next delivery day. FD at 3.

¹⁷ FD at 3.

¹⁸ Id.

¹⁹ If the carrier attempts to deliver accountable mail and the addressee is unable to sign for the letter, the carrier will also leave a PS Form 3849 informing the addressee that the carrier attempted to deliver an accountable letter, but was unable to complete delivery. The form indicates that the letter is available in the local Post Office or the addressee may request redelivery by completing the form and placing it back in the mailbox. See Domestic Mail Manual § 508.1.1.7; Postal Operations Manual §§ 619.2, 812.4.

²⁰ Customers also have the option of requesting redelivery online at usps.com or by calling 1-800-ASK-

With respect to the Petitioners' concerns about mail security, the Postal Service advised customers that they may place a lock on their mailboxes. The mailbox must have a slot large enough to accommodate the customer's normal daily mail volume. FD at 7. The Postal Service also sent a questionnaire to the Postal Inspection Service concerning mail theft and vandalism in the suspended Post Office area. Their records indicate that there has only been one report of mail theft or vandalism in the area. Item No. 14, Inspection Service/local law enforcement vandalism reports, at 1. As such, there appears to be minimal risk that the security of the customers' mail will be impacted by the closing of the Mt. Sterling Post Office.²¹

The Postal Service has considered the impact of closing the Mt. Sterling Post Office upon the provision of postal services to Mt. Sterling customers. The carrier can provide similar access to retail service, alleviating the need to travel to the Post Office. FD at 7; Item No. 23, Postal Customer Questionnaire Analysis, at 2. Thus, the Postal Service has properly concluded that all Mt. Sterling customers will continue to receive regular and effective service.

Effect Upon the Mt. Sterling Community

The Postal Service is obligated to consider the effect of its decision to close the Mt. Sterling Post Office upon the Mt. Sterling community. 39 U.S.C. § 404(d)(2)(A)(i). While the primary purpose of the Postal Service is to provide postal services, the statute recognizes the substantial role in community affairs often played by local Post Offices,

USPS. FD at 3.

²¹ Petitioner also questions the handling of mail by noncareer employees. All noncareer employees are bound by the same Postal Service rules and regulations as career employees. All carriers are required to take an examination and undergo a criminal-history check, and pass a physical examination as well as a drug test before they are hired. Moreover, for the past three years (since the postmaster vacancy), a noncareer OIC has been in charge of the Mt. Sterling Post Office.

and requires consideration of that role whenever the Postal Service proposes to close or consolidate a Post Office.

Mt. Sterling is an incorporated rural community located in Crawford County.²² The questionnaires completed by Mt. Sterling customers indicate that, in general, the retirees, farmers, commuters, and others who reside in Mt. Sterling must travel elsewhere for other supplies and services. See generally FD at 7; Item No. 22, Returned customer questionnaires and Postal Service response letters.

The Petitioner asserts that the Mt. Sterling community is entitled to the same efficient Postal Service provided to their counterparts in urban areas. The Postal Service notes, however, that Post Offices are reviewed on a case-by-case basis. When there is a vacancy in a small office, it is customary to conduct a study of the business activity and investigate the feasibility of providing service by alternative means. This analysis is not limited to Post Offices. Retail units in urban areas are also considered for closure. In fact, the Postal Service is in the process of analyzing closing numerous retail facilities located in urban facilities. See PRC Docket No. N2011-1. In this case, it was determined that the Postal Service could continue to provide a maximum degree of effective and regular postal services to the community through cost effective means.

The Postal Service explained that a community's identity derives from the interest and vitality of its residents and their use of its name. FD at 8. The Postal

²² The Petitioner claims that Mt. Sterling is incorporated rather than unincorporated and that police protection is provided by the Crawford County Police Department and not Prairie du Chien as the record reflects. Follow-up research does confirm the Petitioner's statements. Mt. Sterling has been incorporated since 1936 and police protection is provided by the Crawford Police Department. Such errors in the community descriptions do not have a material impact on the legal factors at issue in this appeal.

Service is helping to preserve community identity by continuing the use of the Mt.

Sterling Post Office name and ZIP code in addresses. FD at 8.

Although the community will no longer have use of the bulletin board at the Mt. Sterling Post Office, there are other retail outlets and grocery stores that offer information exchange. FD at 8. Also, the Gay Mills Post Office may have a public bulletin board available which may be used to post information. FD at 8. Communities generally require regular and effective postal services and these will continue to be provided to the Mt. Sterling community.

In addition, the Postal Service has concluded that nonpostal services provided by the Mt. Sterling Post Office can be provided by the Gay Mills Post Office. FD at 7. Government forms usually provided by the Post Office are also available by contacting local government agencies. FD at 7-8. Local officials also determined that there has been minimal growth in the area in the recent years, and that carrier service will be able to accommodate any future growth in the community. FD at 8.

Thus, the Postal Service has met its burden, as set forth in 39 U.S.C. § 404(d)(2)(A)(i), by considering the effect of closing the Mt. Sterling Post Office on the community served by the Mt. Sterling Post Office.

Economic Savings

Postal officials also properly considered the economic savings that would result from the proposed closing, as provided under 39 U.S.C. § 404(d)(2)(A)(iv). The Postal Service estimates that carrier service would cost the Postal Service substantially less than maintaining the Mt. Sterling Post Office and would still provide regular and effective

service. Item No. 21, Letter to Customer, at 1. The estimated annual savings associated with discontinuing the Mt. Sterling Post Office are \$24,158.00. FD at 9.

The Petitioner vehemently protests the discontinuance of the Mt. Sterling Post Office and questions its consistency with provisions of Title 39. Pursuant to 39 U.S.C. § 404(d)(2)(A)(iii), the Postal Service in determining whether to close a Post Office must consider whether such closing is consistent with the policy that the Postal Service provide “a maximum degree of effective and regular postal services to rural areas, communities, and small towns where post offices are not self-sustaining.” The Postal Service's view is that the "maximum degree" obligation in section 101(b) must be read in the context of related statutory provisions. It is a directive to recognize that special consideration must be given to the greater likelihood of dependence on postal retail facilities for access to postal products and services in rural communities and small towns; however, this concern must be balanced with Congressional mandates that the Postal Service execute its mission efficiently and economically. See sections 101(a); 403(a), (b)(1) and (b)(3); 404(d)(2) and 3661(a). Here, the Postal Service then analyzed whether a maximum degree of effective and regular postal services to the area and community could be provided with rural delivery service in the absence of the Post Office, and the answer was affirmative.

Petitioner also questions the consistency of this proposal with statutory authority in Title 39 providing that no small Post Office may be closed solely for operating at a deficit. Here, however, a variety of factors inform the decision to discontinue the Mt. Sterling Post Office, including a postmaster vacancy, minimal workload, declining office

revenue,²³ the variety of delivery and retail options (including convenience of rural delivery and retail service),²⁴ very little projected growth in the area,²⁵ minimal impact on the community, and expected financial savings.²⁶ Pursuant to 39 U.S.C. § 404(d)(2)(A)(iii), the Postal Service in determining whether to close a Post Office must consider whether such closing is consistent with the policy that the Postal Service provide “a maximum degree of effective and regular postal services to rural areas, communities, and small towns where post offices are not self-sustaining.” In this case, the Postal Service analyzed, among other factors, the Mt. Sterling Post Office’s workload and revenue. The consideration of an office’s workload and revenue is not inconsistent with the policies of Title 39, however, because analysis of workload and revenue does not imply that a small Post Office is operating at a deficit. The Postal Service then analyzed whether a maximum degree of effective and regular postal services to the area and community could be provided with rural delivery service in the absence of the Post Office, and the answer was also affirmative.

Petitioner also questions the labor costs used in the economic savings calculation. The Petitioner states that the current OIC receives no benefits and her salary was overstated in the savings calculation. If the Mt. Sterling Post Office closes, one career slot will be eliminated. If the Post Office is not discontinued, that slot would have been filled with a career employee, and the salary and benefits to be paid would be as shown for a postmaster. Thus, the Postal Service will save the salary and benefits of a career Postmaster position.

²³ See note 5 and accompanying text,

²⁴ FD at 2-7.

²⁵ Item No. 16, Community Survey Sheet.

²⁶ FD at 8-9; Item No. 29, Proposal Checklist, at 2.

The Petitioner further contends that the Postal Service has already saved money by operating with an OIC²⁷ rather than a Postmaster for four years. However, the economic savings calculation conducted as a part of a discontinuance study is forward-looking; that the Postal Service may have paid less in salary and benefits over the past years does not mean that it could count on those savings annually in the future.

Petitioner also questions the use of lease costs in the economic savings calculation on grounds that the rent is above market prices. The Petitioner does not present any factual information of the current market price nor does she assert any knowledge regarding terms of the lease agreement and the surrounding circumstances that existed at the time the agreement was entered into. Whether the monthly rent is above, below, or at market price, the discontinuance of the Mt. Sterling Post Office will still eliminate the lease expense in its entirety, thereby resulting in the annual economic savings shown in the final determination.²⁸ The Postal Service's estimates are supported by record evidence, in accordance with the Postal Service's statutory obligations.

Economic factors are one of several factors that the Postal Service considered, and economic savings have been calculated as required for discontinuance studies, which is noted throughout the administrative record, consistent with the mandate in 39 U.S.C. § 404(d)(2)(A)(iv). FD at 8-9.

The Postal Service determined that carrier service is more cost-effective than maintaining the Mt. Sterling postal facility and postmaster position. FD at 8-9. The

²⁷ Petitioner alleges that the current OIC has been required to be on the books as a PMR a few days and then reinstated in the system back to an OIC.

²⁸ FD at 8.

Postal Service's estimates are supported by record evidence, in accordance with the Postal Service's statutory obligations. The Postal Service, therefore, has considered the economic savings to the Postal Service resulting from such a closing, consistent with its statutory obligations and Commission precedent. See 39 U.S.C. § 404(d)(2)(A)(iv).

Effect on Employees

As documented in the record, the impact on postal employees is minimal. The postmaster was promoted on October 19, 2007. Since the postmaster vacancy, a noncareer OIC was installed to operate the office. Upon implementation of the Final Determination the noncareer OIC may be separated from the Postal Service, although attempts will be made to reassign the noncareer OIC to a nearby office. The record shows that no other employee would be adversely affected by this closing. FD at 10; Item No. 15, Post Office Survey Sheet, at 1.

Petitioner expresses praise for the noncareer employee and states that she deserves higher pay. The Postal Service understands and is sympathetic to this concern, but is also charged with responsibility to promote efficiency of operations. Consequently, this concern does not outweigh the other considerations cited in support of the Final Determination.

Therefore, in making the determination, the Postal Service considered the effect of the closing on the employees at the Mt. Sterling Post Office, consistent with its statutory obligations. See 39 U.S.C. § 404(d)(2)(A)(ii).

Conclusion

As reflected throughout the administrative record, the Postal Service has followed the proper procedures and carefully considered the effect of closing the Mt. Sterling Post Office on the provision of postal services and on the Mt. Sterling community, as well as the economic savings that would result from the proposed closing, the effect on postal employees, and other factors, consistent with the mandate of 39 U.S.C. § 404(d)(2)(A).

After taking all factors into consideration, the Postal Service determined that the advantages of discontinuance outweigh the disadvantages. In addition, the Postal Service concluded that after the discontinuance, the Postal Service will continue to provide effective and regular service to Mt. Sterling customers through carrier service. FD at 7. The Postal Service respectfully submits that this conclusion is consistent with and supported by the administrative record and is in accord with the policies stated in 39 U.S.C. § 404(d)(2)(A). The Postal Service's decision to close the Mt. Sterling Post Office should, accordingly, be affirmed.

The Postal Service respectfully requests that the determination to close the Mt. Sterling Post Office be affirmed.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

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January 24, 2012